

~~SECRET~~Food Shortages and Agricultural Failures in the Sino-Soviet BlocSino-Soviet Bloc Summary

The 1954 over-all Bloc output of grain, the most important crop, was 2 percent less than in 1953, despite small Soviet gains. The estimate of total agricultural production is in the process of being computed and there is sufficient evidence to indicate that it was slightly poorer in 1954 than in 1953. Except for North Vietnam and some areas of China, where temporary famine may occur before the harvest of 1955, the food supply in the Bloc (drawn from '54 harvests) if equitably distributed across the board would be adequate for subsistence during the consumption year 1 July 1954 through 30 June 1955.

The primary cause of the generally unsatisfactory food situation in the Sino-Soviet Bloc can be attributed to unfavorable weather including floods.

But underlying these seasonal causes of decreased production other contributing factors depressing agricultural output result from the interference of the various Communist governments with the normal procedures of agricultural practices.

The classic illustration of this interference has been repeated attempts to socialize farm activities, - collectivization of individual farmers into various types of socialized agriculture attended by mechanization of farm operations. Collectivization has strengthened government control over the countryside and enabled governments to extract larger percentages of farm products from the producers at lower prices. This, however, has been done at the expense of reducing the incentive of those producers to the minimum limits of legality. In the USSR, mechanization has released rural manpower for growing industries but has not, as was hoped, increased yields.

By contrast, in the European Satellites where expansion of industry has received top priority the need to take workers from the agricultural labor force has created a shortage of labor on farms. The mechanization of agricultural operations has not increased at a rate needed to make up this labor shortage with the result that agricultural production has been adversely affected.

Acreages have been expanded onto marginal lands, whereas endeavors to increase production in the traditional farming areas have not been attended with adequate inputs of fertilizers, insecticides and other means of production.

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Added to these deterrents to the normal functioning to farm activities the Communist government's cling to the theory that their failures to achieve goals can be rectified by increased activity on the part of political representation in the farming communities.

These factors depressing farm endeavor emphasized the unfavorable impact of weather conditions during 1954 resulting in a generally unsatisfactory food situation during 1954-55. <sup>Local</sup> <sup>to have</sup> The situation has varied somewhat from the general pattern for the Sino-Soviet Bloc as a whole as indicated in the following statements for individual countries.

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Food Shortages and Agricultural Failures in the USSR

In the face of a 10 percent increase in population since 1938 (over 3 million added each year, at present) Soviet agricultural output in 1953 was only 3 percent above the prewar level. Consequently, the per capita daily intake of food in 1953-54 was only 2,700 calories compared with 2,900 in 1938-39--a decline of 6 percent. In 1954 agricultural output increased about 3 percent over the 1953 level but no significant change has occurred in the composition of the average Soviet diet during the 1954-55 consumption year. Compared with the U.S. this diet--while adequate--is very starch-heavy with little meat, milk, fats and oils.

U.S. Embassy reports indicate that in Moscow this spring meat is in shorter supply than last year, and, according to at least one observer, perhaps the shortest in 9 years. Prices of meat on the free market are somewhat above last year's prices, indicating a shorter supply of meat in state stores. Moscow receives much of its meat supply from the upper Volga valley where it seems likely that emphasis was being placed on increasing numbers with accompanying low slaughter rates.

In portions of the Ukraine most severely affected by the drought in the summer of 1954 feed shortages may have necessitated above normal slaughtering of livestock, which would temporarily increase the meat supply but would have an adverse effect on the long-run goal of increasing livestock numbers.

The livestock program continues to be a major Soviet problem. Slight increases in total numbers have been achieved but the productivity per animal continues low due to the lack of any significant improvement in feeding, housing, or management.

Considerable shortages of sugar have been reported in Odessa and Kiev, and limited shortages in Moscow. In February Pravda Ukrainy reported that in the Ukraine, the major sugar-beet area, sugar was being sold on the black market at twice the state price. The 1954 USSR sugar production is estimated to be at least 200,000 metric tons, or 6 percent less than in 1953. This decreased production together with the possibility of decreased imports from the Satellites has put the USSR in the world market for sugar. Agreements have already been concluded with Cuba, Mexico, Brazil, France, and Great Britain.

The most recent evidence of Soviet dissatisfaction with collective farm production is the announcement made in early April that 30,000 collective farm-chairmen (out of a total of somewhat over 90,000) are to be replaced by experienced workers from the Party, local government offices and economic enterprises. Pravda compares this

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move with the sending of "25,000 advanced workers" to the countryside in 1929, at the start of collectivisation. The new chairmen with urban backgrounds and only a few months practical farm experience are unlikely to contribute much toward increased farm efficiency, and in fact the shift is likely to cause such organisational confusion as to be a major hinderance in expanding agricultural output during the current year. The new chairmen, however, may be of help to Soviet leaders in the continuing drive toward increased state control over the farms. The fact still remains however that up to now there has been no indication that the average peasant has radically changed his negative attitude towards the collective farm and the new measure appears to be even less conducive toward an improved attitude.

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## Evidence of Food Shortages - Eastern European Satellites

### 1. East Germany.

For the third successive year East Germany is presently experiencing what can be called a serious food shortage. The foods in shortest supply are meat, butter, sugar, and in some areas flour. Premier Gottwald, March 11, 1955, admitted that the shortfall in the production of sugar beets and breadgrains would force a change in the supply of sugar and flour to the population. 1/ Although there is presently no evidence of a serious potato shortage it is believed that this may develop before the harvest of early potatoes due to a below average production in 1954 and a very poor quality potato for storing - losses from storage should be significant.

The major reasons for the deteriorating food supply in East Germany can be attributed to the following:

- a. The 1954 breadgrain harvest was 5 percent below the poor 1953 harvest and milling quality of grain was poor.
- b. Peasants have not fulfilled compulsory delivery quotas of meat, animal fats, grain, and potatoes.
- c. USSR, as in other years, probably did not deliver grain in the planned quantities during the first quarter of 1955.
- d. East German government is fulfilling export trade commitments for sugar at the expense of domestic consumption.

The over-all food situation is one which bears close watching and unless increased and timely food imports from the Soviet Bloc are forthcoming, could deteriorate to the level in the spring of 1953. Should a real shortage of flour and bread materialize, this would mean a worse situation than in 1953 when this staple was not in short supply.

### 2. Poland.

Of the European Satellites, Poland is the best off in terms of food. The only shortages reported are fresh meats and a temporary shortage of flour in February. Meat and animal fats have not met requirements since 1951. The meat shortage is a result of exporting meat at the expense of the worker and the reluctance of the peasant to fulfill delivery quotas.

Poland has signed trade agreements or negotiated for the importation of an estimated 750,000 tons of grain during 1954-55. It is believed that most of this grain is or will be transhipped to other satellites. The Polish government's basic problem in supplying food to the cities is getting the peasant to deliver his produce

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through government channels according to plan. Failure to do this has disrupted the food distribution system causing periodic shortages.

3. Czechoslovakia.

Czecho ranks next to East Germany in food shortages. Meat and animal fats are reported to have been in very short supply since August 1954. Indigenous production of these commodities for 1954-55 are only about 80 percent of 1953-54 production which resulted in an acute shortage of meat in the spring of 1954. Although imports of meat in the latter half of 1954 showed an increase it is not believed that the increase was enough to compensate for reduced home production. In addition government officials have admitted serious shortcomings in the peasant deliveries of meat.

The 1954 harvest of breadgrains was only 87.3 percent of 1953 and of poor quality. Czecho is normally dependent upon the USSR for large shipments of breadgrain to meet requirements. However, in view of the unsatisfactory wheat harvest in the USSR, it is unlikely that the Soviet Union will increase exports to Czecho. Evidence of this, is the fact that Czecho has been shopping in the West for grain. It is very likely that flour or bread will start to get short by the end of April unless a larger quantity of wheat is being imported than presently known.

A late spring is complicating the food situation since vegetables which normally help to relieve a tight food situation in late May or June, will be harvested later.

The Czech government has failed completely in its promise to the people of an increase in food consumption, particularly animal products during 1954-55.

Failures in European Satellite Agricultural Plans.

4. Northern Area/East Germany, Poland, and Czechoslovakia.

Failures in agriculture during 1954 were of a similar nature for East Germany, Poland, and Czechoslovakia. Sectors of agriculture which did not fulfill the 1954 plan or register any increase over 1953 are the following:

a. Total grain production, except for Poland, was lower than 1953. Grain production in Poland although larger than 1953 was still less than plan. Of all grains, breadgrain production registered the greatest decline in East Germany and Czechoslovakia.

b. Industrial crop production showed a slight increase over 1953 as a result of weather, but did not approach plan levels.

c. Animal husbandry which received the greatest emphasis under the new course was criticized by all three governments for a failure to show material improvements over 1953 despite increased investments. Animal products were officially claimed to have failed to meet the 1954 production plan.

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d. The transfer of labor and agricultural technicians from industry to agriculture was not successfully implemented.

e. An increase in the amount of animal proteins in the diet of the average worker will not take place in 1954-55.

f. Poland failed to increase the number of cooperatives at the 1953 rate as planned. Slight increases in the number, area, and members of cooperatives were registered in Czechoslovakia.

g. Governments claimed some success in mechanization of agriculture, but <sup>the program</sup> was still admitted to be unsatisfactory.

h. Plans to bring large areas of fallow land into production were seriously underfulfilled.

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Food Shortages and Agricultural Failures in the Balkan SatellitesHungary

The 1954 production of breadgrains in Hungary was only 78 percent of 1953 and 59 percent of prewar. The quality of the wheat was poor for flour milling and, in fact, so poor that in certain areas, it was unfit for seed. As early as November, the press announced the planned introduction of potatoes into the bread mix to boost the supply, and that after 1 January 1955, small sized loaves were to be provided to enable urban consumers to have fresh bread.

By October a protracted shortage of fats was reported. Although hog numbers had increased, deliveries of hogs by farmers were unsatisfactory as of late February 1955 and slaughter weights were below normal because of insufficient feed. Imports to alleviate the situation were inadequate. The government was forced to promulgate a decree aimed at curbing speculation in meat products.

A short supply of vegetables largely due to summer flood damage was admitted by the government as early as November.

By March 1955, the Minister of the Food Industry admitted that the industry could not supply the growing urban demand for food because it was unable to procure adequate supplies from the farmers and because the quality of the products was poor.

The United States sent food supplies largely to the flooded areas of Hungary that the government was unable to relieve. The general food situation is expected to deteriorate further before the harvest of 1955 since evidence indicates that the government is still negotiating for food imports. Hungary's available credit has been over-extended and it is probable that the trade will "drag its feet" on contracted shipments.

One of the causes contributing to the unsatisfactory situation in Hungary is the stand taken by the government regarding the "new course" of first allowing the peasants to switch from socialized agriculture (cooperatives) and later rescinding the order. This delayed planting in the fall of 1953 for harvest in 1954 on 570,000 hectares.

In the spring of 1954, field work was delayed by shortage of agricultural machinery and other implements. It was reported in March that 500 fewer tractors were in operation than before the war.

Partial failure of the 1954 expected production was admittedly due to lack of commercial fertilizer coupled with the fact that because livestock numbers were inadequate insufficient barnyard manure was available.

Animal breeding under the socialized system is being neglected and this coupled



with shortages of feed has resulted in supplies of beef, mutton, and pork being unsatisfactory.

The whole system of bureaucratic management results in the collection of products from farmers being in a confused and unsatisfactory situation.

#### Rumania

The food situation in Rumania in 1953-54 was not satisfactory and the 1954-55 situation shows now significant change. The production of wheat and rye was less than in preceeding years although corn production was somewhat better. There are indications that Rumania is contracting for larger quantities of food imports than last year. Rationing of foods was removed on certain products as of December 26, but prices were increased to the level of the peasant free markets. The price of corn, however, was reduced and "panic buying" followed until the inadequate supplies in government stores were exhausted.

Meat supplies are no better than during 1953-54 and most recent information indicates that curbs on the supply of meat as well as on sugar and flour may be reintroduced before the end of the current consumption year.

As in other Balkan satellites, weather has been a chief factor in the unsatisfactory food situation. Other contributing factors have been the depressing effect of socialization of agriculture, and the failure of the government to supply adequate services of Machine Tractor Stations and make available to farmers needed implements and fertilizers.

#### Albania

Albania is a food deficit country. The grain production in 1954 showed a slight increase over 1953 but was considerably short of the estimated requirements of the population. The USSR is apparently shipping to Albania sufficient grain to cover minimum requirements.

#### Bulgaria

There is little information regarding the food situation in Bulgaria. But to date, there are no indications of any serious shortages.

Food Shortages and Agricultural Failures in Communist China

Summary

Because of extensive flood damage over an area of 10.6 million hectares, Communist China sustained a loss of about 10 percent of its total 1954 food crop production. This loss was partially offset by increased production in non-flooded areas so that the net availability of food for the consumption year 1 July 1954 through 30 June 1955 was about 4 percent below that of 1953-54.

The Communists admit that their plans to increase the supply of food and cotton have not been fulfilled. This intensifies the failure of production to keep pace with the demands of an increasing population, industrial requirements, and the necessity of exports to obtain needed materials from abroad.

The seriousness of the situation is reflected in the deterioration of the average diet during recent year from a prewar average availability of around 2,000 calories to an estimated 1,658 calories available during the 1954-55 consumption year.

Fats, oils, sugar and even rice have been rationed not only in urban but in some rural areas. In certain areas farmers have been forced to deliver their entire crop to government agents and to purchase the food for the subsistence of their households.

In view of the 1954-55 food shortages, it is to be expected that before the harvest of 1955 there will be distress in many areas with starvation in the most critical localities.

China.

In December of 1954, it was announced by the Communist regime that the planned increase for food crops production of 3 percent over 1953 was fulfilled. This announced fulfillment of the 1954 food crop production plan is believed to be incorrect. 1954 would appear to have been an unfavorable crop year, primarily because of extensive flooding in the rice producing districts of the Yangtze and Huai Rivers.

Chou En-Lai reported in a speech on 24 September 1954 that an area of some 160 million mou (10.6 million hectares) had suffered from flood damage. On the basis of 1.5 metric tons of production per hectare, the estimated crop loss would be 12 to 15 million tons. This loss is about 10 percent of China's total food crop production.

The winter crop production in 1954 was greater than in the previous year and crops outside the area of floods were quite good. In spite of these favorable factors, it is estimated that gross food crops production in 1954 was 154 million

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metric tons or down approximately 3 to 4 percent below the 159 million metric tons produced in 1953.

In view of this situation, it is difficult to see how the Chinese Communists achieved the 170 million metric tons of food crops claimed for 1954.

In the State Administrative Council Spring Sowing Resolution of 10 March 1955, the Communists admit that for two consecutive years, 1953 and 1954, the plan to increase the output of food and cotton had not been fulfilled. According to the resolution, "this has intensified the difficult situation existing in the supply of food and cotton, has provided further evidence that the development of agricultural production has fallen behind the demand for farm products created by the people and by the nation's industrialization, and has also made more difficult the task of the next three years to increase agricultural production."

As can be seen from this statement, the pressures from an expanding population, which is increasing at a rate of at least one percent per year, and from the demands for industrialization and foreign trade, food requirements are increasing at a rate that is probably slightly greater than increases in production. This is reflected in the deterioration of the average diet throughout the postwar years from a present average per capita caloric intake of around 2,000 calories to the estimated 1954-55 per capita food intake of 1,658 calories. The actual impact of this average lower availability of food has been of concern to the Chinese Communists. They have exerted efforts to increase the production of food crops but probably their most effective action has been in efforts to level out consumption between individuals and between regions. There has been a program of food transfer between the surplus and deficit regions, however, this has necessitated rationing over a considerable segment of the population. Reports received from the Communist press indicate that the population in many areas are becoming more and more incensed and aggravated over the rationing of basic agricultural commodities.

In spite of these actions, the incidence of pre-harvest hunger has been common every spring in Communist China. In some cases this pre-harvest hunger has gone on into actual famine conditions in limited areas. It would be expected on the basis of the 1954-55 food supply situation, that the spring of 1955 will be an especially tough period for those deficit areas.

In an attempt to increase production and to gain greater control over agricultural output, the Chinese Communists in 1954 embarked upon an accelerated socialization program with primary concentration on the formation of Agricultural Producer Cooperatives. On the basis of Communist claims, the number of cooperatives increased from a total of 15,000 at the end of 1953 to approximately 600,000 in the spring of 1955. The

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Chinese Communists have encountered many difficulties during this organizational period. The most significant difficulty according to the Communists has been the lack of efficient managerial personnel, and a failure by the party cadres in the countryside to exert their leadership in <sup>EDUCATING</sup> education the masses as to the benefits of socialization. The Chinese Communist press throughout 1954 openly acknowledged the many problems and shortcomings besetting the program.

At the beginning of 1954, the Chinese Communist also instituted a compulsory grain procurement program which required the peasant, after the payment of tax-in-kind, to sell to the government all remaining grain at a pre-determined price. In order to obtain grain for his own use, the peasant was compelled to repurchase this grain from the marketing cooperatives at a price which averaged 50 percent higher than the price he received from the government.

As a result of the socialization and compulsory grain procurement programs, the Chinese Communists achieved greater control over agricultural output during 1954 and facilitated the procurement of necessary grain supplies. However, the over-all failure of these programs with regard to increasing agricultural production is reflected in the March 3, 1955 Spring Sowing Resolution of the State Administrative Council. To a large measure this resolution reverses the previous government policy decree regarding socialization and grain procurement. In effect it orders a slowing down in the formation of Agricultural Producer Cooperatives, particularly during the spring planting season, and a consolidation of existing cooperatives. In its obvious attempt to create production incentives, the resolution now promises the peasant the right, after the fulfillment of the planned purchase quotas and tax payments, to dispose of his surplus grain as he sees fit.

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ORR/M/AGFood Shortages and Agricultural Failures in North KoreaSummary

The 1954 production of food crops in North Korea was 3 percent above that of the poor crop year, 1953 (estimated at 2.2 million metric tons). The availability of food is not sufficient to cover the requirements of the population.

Although the Communist made token shipments of grain to North Korea, an acute food shortage exists during this present consumption year 1954-55 among both the urban and rural populations. Grain rationing was reinstated on 5 March 1955, and monthly coupons are to be issued to the urban population, while loans of seed grain are being made to farmers.

The rapidly forced socialization of agriculture has aroused the antagonism and reduced the incentive of farmers to produce. The failure of the production of food to keep pace with consumer demand is, also, attributed to shortage of fertilizer, farm equipment, and draft power.

North Korea

The total grain harvest in North Korea during 1954 was reported by the Central Statistical Bureau as being only 3 percent over 1953, despite an increase of 32 percent in state investment during the period. The slight increase in the harvest was due primarily to a fairly good early grain harvest. This, however, represents only a small percentage of total production.

Since 1953 was a very poor crop year, the reported 3 percent increase considerably underfulfills the planned 1954 output quotas.

During 1954, North Korea was beset with a number of natural calamities. Widespread floods in at least four provinces have been reported since July. In one of the western seaboard provinces, the combination of floods, severe cold, and early frost have reportedly cut the total 1954 crop production in this area to 27 percent of normal.

As a result of these conditions, an acute food shortage now exists among the rural and urban populations.

The Pyongyang radio on 5 March 1955 admitted that "natural calamities" throughout the country have caused a decrease in agricultural yields, and that farmers would suffer a shortage of food and seed grains. The North Korean cabinet issued a directive on 5 March 1955 reinstituting grain rationing. Grain ration coupons were to be issued monthly to the urban population. Other government measures included a loan of 100,000 tons of grain to farmers this year, and an offer of incentive

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payments to co-operatives which overfulfilled their quotas in farming, livestock raising, fruit production and fish catch.

Food production failures have also been attributed in part to shortages of fertiliser, agricultural equipment, draft power and to an over sales socialisation program.

The North Korean radio in mid-January announced that the number of farmer co-operatives had increased from around 100 as of July 1953 to approximately 9,600, comprising 30 percent of all farm households and 27 percent of the total arable land. This hasty collectivisation program is reported to have aroused much antagonism. In addition, Pyongyang announces that beginning in April, taxes-in-kind are to be levied on all farm cooperatives. The rate is to be based on estimated assessments related to harvests and goals under the state agricultural programs rather than on actual harvests. This is apparently an attempt by the regime to cash in on the anticipated higher productivity on cooperative farms this year. However, it appears more likely that such a program will, on the contrary, have a depressive effect upon agricultural production.

North Korean food supply requirements during 1955 will continue to depend upon Bloc grain exports. During 1954, the food shortage was partially mitigated by Chinese grain shipments totaling approximately 100,000 tons.

Unless food production is increased considerable quantities of Orbit aid will have to be diverted from raw material and industrial supplies to food supplies. This in effect could seriously hamper the fulfillment of the three year rehabilitation and industrialisation programs.

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Project #21.691  
ORR/M/AGFood Shortages and Agricultural Failures in Viet MinhViet Minh (Communist Controlled)Summary

Recent reports from Indo-China indicate a critical food supply situation approaching famine conditions in Communist controlled Viet Minh.

The 1954 rice production is estimated to range from 1.6 to 1.8 million metric tons or a decrease of from 22 to 30 percent below the 1953 production estimated at 2.3 million tons. Even with a production of 2.3 million tons of rice, an import of around 0.2 million tons was required to cover the consumption demand of the population.

Communist China has made small token shipments of rice to Viet Minh but not in sufficient quantity to alleviate the present critical situation.

Viet Minh (Communist Controlled)

Recent reports from Indo-China indicate a serious food supply situation approaching famine conditions in the Viet Minh controlled areas.

Contrary to statements in the official Viet Minh press, the rice supply is not sufficient to meet the requirements of the population. The basic cause of this condition is the short supply resulting from the failure of the 1954 harvest. It has been officially admitted by the Viet Minh that the autumn rice crop (tenth month) was 10 to 20 percent below last year's harvest. When coupled with the losses resulting from the poor spring (fifth month) harvest of 1954, which was reported as being only 50 percent of a normal crop, the total 1954 paddy production ranges from 1.6 to 1.8 million metric tons. This results in a reduction of from 22 to 30 percent below the 1953 production of 2.3 million metric tons.

North Vietnam's annual paddy requirements, on the basis of 180 kilograms per person, averages around 2.5 million metric tons. Since paddy production during a normal year averages about 2.3 million metric tons, this resulted in a deficit of approximately 200,000 metric tons per year. In previous years, this deficit was made up by shipments from the rice surplus areas of Southern Vietnam.

As a result of the poor 1954 harvest, the 1954-55 rice supply will show a deficit of from 700,000 to 900,000 metric tons.

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Since rice is the principal crop as well as the main staple of the Vietnamese diet, considerable pre-harvest hunger in the spring of 1955 will most likely occur in many areas unless sufficient supplies can be obtained from outside sources. Although some shipments of rice have been received from Communist China, they have not been in sufficient quantities necessary to alleviate the situation.